

EXHIBIT G

**PENDING APPEAL WITHIN SLD
CONCERNING DISCOUNT CALCULATION**



CONSORCIO DE ESCUELAS
Y BIBLIOTECAS
DE PUERTO RICO

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cebpr@cebpr.com

December 6, 2002

VIA E-Mail

Letter of Appeal
Schools and Libraries Division
Box 125 – Correspondence Unit
80 South Jefferson Road
Whippany, NJ 07981

Re: Appeal of Funding Denial
October 8, 2002 Funding Commitment Decision Letter
Funding Year 2002

Escuela Evangelica Unida de Fajardo, **App. No. 329287**, BEN 200063
FRNs 888093, 888094, 888095, 888096, 888097

Colegio San Antonio, **App. No. 329300**, BEN 205387
FRNs 888124, 888125, 888126, 888127, 888128

Colegio Tomas Alva Edison, **App. No. 329371**, BEN 199863
FRNs 888398, 888399, 888400, 888401, 888402

Dear Sir or Madam:

The above-referenced applicants ("Applicants") and the Consorcio de Escuelas y Bibliotecas de Puerto Rico ("CEBPR"), as their authorized representative, hereby appeal the decisions of the School and Libraries Division ("SLD") of the Universal Administrative Company denying all funding of the above-referenced applications for Funding Year 2002 for the reasons set forth in the SLD's October 8, 2002 Funding Commitment Decision Letter ("FCDL"). For the reasons set forth below, the SLD should promptly reverse its decision in the FCDL, immediately reinstate these applications and associated FRNs for processing, and promptly fund these applications in their entirety.

Each of the Applicants is a member of CEBPR and applied for funding individually through separate applications. Prior to issuance of the FCDL to the Applicants, SLD put the Applicants and all other members of CEBPR, over a several month period, through a multi-stage Selective Review ("SR") process. Notwithstanding

their scarce resources as some of the poorest private schools in the U.S., working with the assistance of CEBPR, the Applicants fully and completely complied with the requests made by SLD, including providing exhaustive budget and necessary resources information and support in response to the SR.¹ For some reason unknown to the Applicants or CEBPR, the applications filed by these three Applicants, although part of a larger group of CEBPR member applicants, all of which had undergone the same SR process and shared many of the same SLD information requests, were singled out by SLD staff and received a FCDL denying all FRNs in each application

All the Applicants are institutions located in Puerto Rico and applied to the SLD for Funding Year 2002, certifying they are entitled to a 90 percent E-Rate discount level based on both the poverty level of their students and the 100% eligibility level of all their students for the free/reduced Federal student lunch program.² At the time the FCDL for these Applicants was released by SLD, CEBPR and SLD staff were in the process of addressing the appropriate 90 percent discount level for these and other CEBPR member applicants, which SLD staff had questioned due to apparent discrepancies between the SLD database and that certified by the Applicants.³ It was very surprising this FCDL was issued considering the exchange of correspondence between SLD and CEBPR indicated that SLD recognized a problem with how to fairly and correctly determine the discount percentage for institutions located in Puerto Rico – and that no final decision had yet been made on this by SLD at the time these Applicants were denied funding.

I. Request for Funding of Internal Connections

Each of the Applicants requested funding for Internal Connections⁴ but all the funding was denied for the following reason cited by SLD:

¹ Attached at Exhibits 1A-1C are three pdf files containing the Selective Review Responses furnished to SLD by each of the Applicants

² Pursuant to Department of Agriculture regulations, all children in Puerto Rico are eligible for the free/reduced student lunch program See 7 CFR Part 254.4

³ Attached as Exhibit 2 is a .pdf file containing copies (in chronological order) of the relevant correspondence between CEBPR and SLD staff on the issue of the correct discount percentage level for these and other CEBPR member institutions that was ongoing and unresolved at the time the FCDL for these Applicants was issued. Please note the most recent correspondence pursuant to which CEBPR staff requested on numerous occasions, without any response, that the SLD provide feedback on how the discount percentage level would be determined for these institutions. Due to a serious concern that SLD would deny these applications without resolving the discount level issue, prior to the issuance of the FCDL to the Applicants, CEBPR was forced to retain Washington, D.C. counsel to request SLD withhold any funding decisions until resolution was reached on the issue (see October 2, 2002 letter from Ramsey Woodworth to Scott Barash attached as part of Exhibit 2 and the last such pre-FCDL correspondence) – although SLD staff acted to deny these applications anyway. Discussions between CEBPR and SLD are still ongoing and CEBPR still has not received clear guidance on whether the 90 percent discount level for the CEBPR member institutions will be accepted or whether they must complete socioeconomic surveys to prove they are entitled to the 90 percent discount level.

⁴ FRNs 888093, 888094, 888095, 888124, 888125, 888126, 888398, 888399, 888400

The site-specific discount was corrected. Given demand, the funding cap will not provide for Internal Connections at your approved discount level to be funded. Please see www.sl.universalservice.org for further details.⁵

This funding denial and SLD decision is inappropriate for two reasons. First, as part of a larger group of applications filed in conjunction with other CEBPR members from Puerto Rico, as outlined in the attached correspondence and explained above, there still exists an unresolved question regarding how to determine the appropriate discount level for these and other Puerto Rico applicants – and these applications were denied due to an apparent discrepancy in the discount percentage before that issue was resolved.⁶

Second, even if the Applicants are not ultimately entitled to a 90 percent discount level either after a final decision has been reached by SLD concerning the proper method for applicants in Puerto Rico to determine their discount level and/or if the Applicants are unable to demonstrate they are entitled to a 90 percent discount level after completing socioeconomic surveys – to date it has not been finally determined by SLD whether below 90 percent discount level applicants will receive funding for Internal Connections requests, and thus a funding decision should not yet have been made by SLD.⁷ Therefore, for both these reasons, the SLD staff decision denying Internal Connections funding for these Applicants was premature and these applications and associated FRNs should be immediately reinstated for further processing and grant.

II. Request for Funding of Internet Access

Again, the FCDL listed as the same reason for denial of the Applicants' requests for Internet Access funding⁸ that the "site-specific discount was corrected"⁹. For the same reasons explained in Section I above, we request reinstatement of the applications for Internet Access Funding. Further, the discount percentage for Internet Access requests is irrelevant since there are sufficient E-Rate Funds available to fund all Internet Access and Telecommunications Services requests regardless of discount percentage, and the SLD has already funded most such requests from other applicants.

The FCDL lists as an additional reason for denying all these FRNs that:

⁵ See FCDL

⁶ Notwithstanding this discrepancy and the lack of a final resolution regarding this issue, CEBPR is working with the Applicants and other CEBPR member institutions, pursuant to guidance from George McDonald, Vice President, SLD, to complete socioeconomic surveys to demonstrate their 90 percent discount eligibility for this and future funding years.

⁷ See "Approved 90% Internal Connections Requests To Be Fully Funded"
<http://www.sl.universalservice.org/whatsnew/092002.asp#092602b>

⁸ FRNs 888096, 888401, 888127

⁹ See FCDL

Applicant has not provided sufficient documentation to determine the eligibility of this item.¹⁰

For several reasons, we strongly contest that insufficient documentation was provided in order to determine eligibility of this item.

First, each of the Forms 471 filed by the Applicants contained a copy of Annex A, listing by line item the equipment and services for which E-Rate funding was requested by the Applicants.¹¹ These Annex As contained a specific description of the Internet Access being requested:

Dedicated Internet Access Services: High Speed Internet Access for up to 2Mbps

Finally, in response to further SLD staff requests for a description of this service, CEBPR and the Applicants provided a detailed vendor breakdown of the service and furnished it to the SLD in a timely fashion.¹² Contrary to the reasoning offered by SLD for the FCDL denial, we believe the documentation already provided was a sufficiently detailed description of the Internet Access services for which funding was being requested as to justify a funding grant.

The SLD should therefore reinstate these FRNs for processing and immediate grant.

III. Request for Funding of Telecommunications Services

With respect to the Applicants' funding requests for Telecommunications Services,¹³ SLD further listed as a reason for denial of funding that the "site-specific discount was corrected".¹⁴ We again request reinstatement of the FRNs and applications

¹⁰ Id

¹¹ Annex A as filed with SLD for each of these Applicants is attached in a .pdf file with this Appeal as Exhibit 3.

¹² Attached at Exhibit 4 in a .pdf file is a copy of the correspondence (in chronological order) between CEBPR and SLD staff regarding the description of the Internet Access being requested. As is demonstrated by this correspondence and the associated vendor breakdowns attached thereto, SLD was furnished with very specific documentation describing both the installation charges and recurring monthly charges associated with these FRNs for Internet Access. We are at a loss as to how much more specific a description of Internet access could be than what was provided and, for all practical purposes, of the same Internet Access Service the service provider, Hispanic Information and Telecommunications Network, Inc. ("HITN"), is already providing to many other customers throughout the Commonwealth of Puerto Rico.

¹³ FRNs 888097, 888128, 888402

¹⁴ See FCDL

for processing and grant for the same reasons outlined in Section 1 with respect to the not-yet-final decision regarding the proper discount percentage for the Applicants, as well as the reasons outlined in Section 2 herein regarding the availability of funding for all Internet Access and Telecommunications Services requests.

The SLD further cited as a reason for denying the funding to these Applicants in the FCDL that:

The FRN is a request for Telecommunications Service from a provider that does not provide telecommunications on a common carrier basis.¹⁵

While the service provider selected by the Applicants, HITN, may not be on any list of common carriers to which SLD has access in its databases, it is in fact a common carrier authorized to provide telecommunications services. Attached hereto at Exhibit 5 is a copy of HITN's Common Carrier licenses as authorized by the Federal Communications Commission.

Considering HITN is a common carrier, and there is funding available to fund all requests for Telecommunications Services regardless of discount percentage, these FRNs should be reinstated for immediate processing and grant.

IV. Conclusion

For the reasons set forth herein, CEBPR and the Applicants respectfully request the immediate reinstatement of their applications (and all associated FRNs) for processing and the prompt grant thereof.

Respectfully submitted,

CONSORCIO DE ESCUELAS Y
BIBLIOTECAS DE PUERTO RICO

By: /s/ Antonio Lopez

Director, CEBPR
and Contact Representative for the
Applicants

cc: Mr. George McDonald (via e-mail)
Honorable Hillary Clinton (via e-mail)
Honorable Charles E. Schumer (via e-mail)
Honorable Michael Powell (via e-mail)

Attachments

¹⁵ Id

Exhibit 2 – Discount Percentage Issue
Correspondence

CEBPR

From: "CEBPR" <cebpr@cebpr.com>
 To: "Adolfo Arauz" <aarauz@sl.universalservice.org>
 Sent: Friday, August 16, 2002 11:11 AM
 Subject: Re: Library Discounts
 Dear Mr Arauz

In order to reply to your request about the library discount levels, we need further information from you. Could you please provide us with the source for your discount percentages listed below. All of the studies that we are aware of have concluded that all areas of Puerto Rico are poverty level and therefore are entitled to a 90% discount. For example, any area that is a 75% poverty level or above is entitled to a 90% discount.

Thank you

Ana Maria Simon

----- Original Message -----

From: "Adolfo Arauz" <aarauz@sl.universalservice.org>
 To: <cebpr@cebpr.com>
 Sent: Wednesday, August 14, 2002 1:51 PM
 Subject: Library Discounts.

Mr. Valentin-

As I progress through the public library applications your consortium has presented, I have run into a discrepancy between discount rates in our database and what certain applications are requesting. The following libraries request 90%, our database differs by what I have listed below:

biblioteca publica Lajas # 329519, 88%
 biblioteca publica camuy# 329226, 89%
 biblioteca publica isabela, # 329741, 89%
 biblioteca publica arecibo, #329863, 88%
 biblioteca publica aguas buenas, #329975, 88%

when presented with this situation, applicants has two options:

-either present your materials that corroborate the regional discount: that is present the matriculation and free/reduced eligibility figures and number of applications distributed and returned completed, for every school in the particular region.

-chose to accept School and Libraries' calculations for the particular region which these five libraries are located.

9/7/02

CEBPR

From: "Adolfo Arauz" <aarauz@sl.universalservice.org>
To: <cebpr@cebpr.com>
Sent: Friday, August 16, 2002 11:14 AM
Subject: Re: Library Discounts:

Ms Simon-

Our source for the regional discounts is the Department of Education's free /reduced directory for the current year. These regions are made up of how ever many number of public schools and their discount rates are weighted together to compose the regional weighted discount rate, which is what SLD uses to determine the discount rate of public libraries.

al arauz
 tele 973-428-7356
 fax 973-599-6521

ditn 1 >>> "CEBPR" <cebpr@cebpr.com> 08/16/02 11:11AM >>>
 Dear Mr. Arauz

In order to reply to your request about the library discount levels, we need further information from you. Could you please provide us with the source for your discount percentages listed below. All of the studies that we are aware of have concluded that all areas of Puerto Rico are poverty level and therefore are entitled to a 90% discount. For example, any area that is a 75% poverty level or above is entitled to a 90% discount.

Thank you

Ana Maria Simon

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Sent: Wednesday, August 14, 2002 1:51 PM
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CEBPR

From: "Adolfo Arauz" <aarauz@sl.universalservice.org>
To: <cebpr@cebpr.com>
Sent: Friday, August 16, 2002 11:55 AM
Subject: Re: Library Discounts:

Our database was submitted to SLd by the department of education of puerto rico. If you feel that the entire region is due 90%, please provide us the following for each public school in the region:

- number of students matriculated
- number of students eligible for free/reduced lunch program
- number of applications to the free/reduced lunch program were distributed to the students
- number of these applications that were returned completed.
- a copy of a completed application.

all on a letter signed by the principal or nutrition director of the school.

My contact at the department of education is Mr. Daniel Carmona, he can better direct you.

al arauz

>>> "CEBPR" <cebpr@cebpr.com> 08/16/02 11:36AM >>>

Dear Mr Arauz

Could you please provide this data base for our review or explain were we can access it.

Thank you

Ana Maria Simon

----- Original Message -----

From: "Adolfo Arauz" <aarauz@sl.universalservice.org>
To: <cebpr@cebpr.com>
Sent: Friday, August 16, 2002 11:14 AM
Subject: Re: Library Discounts:

Ms. Simon-

Our source for the regional discounts is the Department of Education's free/reduced directory for the current year. These regions are made up of how ever many number of public schools and their discount rates are weighted together to compose the regional weighted discount rate, which is what SLD

CEBPR

From: "CEBPR" <cebpr@cebpr.com>
To: "Adolfo Arauz" <aarauz@sl.universalservice.org>
Sent: Friday, August 16, 2002 11:36 AM
Subject: Re: Library Discounts:

Dear Mr Arauz

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Thank you

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To: <cebpr@cebpr.com>
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al arauz
tele 973-428-7356
fax 973-599-6521

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CEBPR

From: "CEBPR" <cebpr@cebpr.com>
To: "Adolfo Arauz" <aarauz@sl.universalservice.org>
Sent: Wednesday, August 21, 2002 4:11 PM
Subject: discount %

You asked that we respond to the request regarding the appropriate discount certification levels for five libraries by today.

Dear Mr Arauz

We understand that the SLD procedures clearly require that a single library in a municipality must use the same discount percentage for the public school district in which that library is located. In the case of the five libraries that you suggest are at the 88% and 89% level based on the aggregate discount for the "region" in which they are located, we believe this method of calculating the discount is incorrect based on SLD requirements. There are 11 regions in Puerto Rico and 84 school districts according to the Department of Education.

SLD must base the discount for these libraries on the discount for the public school district in which each library is located. We believe these are all 90% based on the studies we have reviewed of Puerto Rico, as these are all rural areas.

To corroborate that these libraries are eligible for a 90% discount because they are located in public school districts in Puerto Rico that are entitled to a 90% discount, we have been trying to get the discount level information for these specific school districts from the Department of Education, which has this information. However, the Department of Education has not yet responded to our request. If you have this information from the Department of Education and can corroborate the proper discount level for these libraries based on the discount level for the public school districts where they are located versus the entire region in which they are located, please provide this information as soon as possible. We understand the Department of Education has provided SLD with its database with this information.

Your continued assistance is appreciated.

Thank you,

Ana Maria S

CEBPR

From: "Adolfo Arauz" <aarauz@sl.universalservice.org>
To: <cebpr@cebpr.com>
Sent: Thursday, August 22, 2002 10:01 AM
Subject: Re: discount %

Ana Maria-

I cannot pass my entire database to you. The best I can do is to refer you to Mr. Daniel Carmona at the Puerto Rico Dept. of Education. He is the originator of the database we are using. If you have any questions, please address them to him, he is the Puerto Rico Commonwealth E rate coordinator.

Please note that we need an answer from you on the discounts by 8-29-02.

cheers.

a arauz

>>> "CEBPR" <cebpr@cebpr.com> 08/21/02 04:11PM >>>

You asked that we respond to the request regarding the appropriate discount certification levels for five libraries by today.

Dear Mr Arauz

We understand that the SLD procedures clearly require that a single library in a municipality must use the same discount percentage for the public school district in which that library is located. In the case of the five libraries that you suggest are at the 88% and 89% level based on the aggregate discount for the "region" in which they are located, we believe this method of calculating the discount is incorrect based on SLD requirements. There are 11 regions in Puerto Rico and 84 school districts according to the Department of Education.

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To corroborate that these libraries are eligible for a 90% discount because they are located in public school districts in Puerto Rico that are entitled to a 90% discount, we have been trying to get the discount level information for these specific school districts from the Department of Education, which has this information. However, the Department of Education has not yet responded to our request. If you have this information from the Department of Education and can corroborate the proper discount level for these libraries based on the discount level for the public school districts where they are located versus the entire region in which they are located, please provide this information as soon as possible. We understand the Department of Education has provided SLD with its database with this information.

9/7/02

CEBPR

From: "CEBPR" <cebpr@cebpr.com>
To: "Adolfo Arauz" <aarauz@sl.universalservice.org>
Cc: <carmona_d@de.gobierno.pr>
Sent: Wednesday, August 28, 2002 4:41 PM
Subject: library discount confirmation

Dear Mr Arauz

This is in reference to your various emails and faxes over the past several weeks relating to the appropriate discount percentage for 14 individual library CEBPR members.

Today we met with Mr Daniel Carmona of the Department of Education regarding the issue of the appropriate discount percentage for this libraries. Mr Carmona confirmed our understanding that all public schools in Puerto Rico are at the poverty level and all (100%) students in those schools are eligible for the student lunch program. We understand this is by regulation of the United States Department of Agriculture, of which we assume the SLD is also aware.

Mr Carmona further informed us that the Department of Education data base you have is fundamentally flawed in that the method used to determine discount percentages for certain public school districts in Puerto Rico was incorrect. This is because the Department of Education, under the former administration, requested the number of students actually PARTICIPATING in the student lunch program at each school, instead of the proper way of calculating the discounts by measuring the number of students ELIGIBLE for the students lunch program - which is 100%. Further, according to Mr. Carmona, even if all the students in all the public schools were not by regulation eligible for the student lunch program, had the information for the Department of Education database been properly collected based on SLD methodology, all the schools would have been found to be entitled to a 90% discount nevertheless considering over 75% of the students in all schools would be eligible for the student lunch program.

Based on this considerations, it necessarily follows that: 1. all public schools in Puert Rico are elegible for a 90% discount for e-rate purposes; 2. all individual libraries in Puerto Rico are eligible for a 90% discount; and 3.the CEBPR member libraries which you are sugesting based on incorrect information are not entitled to a 90% discount is in error.

Please confirm as soon as possible that the libraries you have sugested are not entitled to a 90% discount are in fact by law entitled to a 90% discount based on this considerations.

Thank you

Ana Maria S

----- Original Message -----

From: "Adolfo Arauz" <aarauz@sl.universalservice.org>

9/7/02

CEBPR

From: "Adolfo Arauz" <aarauz@si.universalservice.org>
To: <cebpr@cebpr.com>
Sent: Thursday, August 22, 2002 3:05 PM
Subject: Ms. Simon/Mr. Valentin:

Mr. Valentin & Ms. Simon-

I wish to address to you all the outstanding issues that are holding up the public library applications at the moment. These are the libraries that I am currently reviewing and requesting this information on:

Biblioteca municipal de Cayey	# 329609
de la ciudad rosa sanchez	# 329153
publica de hatillo	# 329336
publica de ceiba	# 329330
publica de rio grande	# 329400
publica de jayuga	# 329404
publica de sabana grande	# 329491
municipal caguas	# 329584
publica adjuntas	# 329630
publica santa isabel	# 329590
publica Coamo	# 329245

I am looking over the supporting documentation that has been submitted for the majority of the libraries, specifically Annex A from HITN. Within this document I find a few requests that I need more detail, itemized listings.

- High speed enhanced wireless router system . I need to see a detailed, listing of components, in short, a vendor quote.
- Satellite Distance Learning. installation costs, what components compose that ? I'll need a vendor quote breaking down the costs.
- Wireless LAN - one time costs, what are they composed of? I will need another vendor quote with the cost breakdown.
- Installation/configuration of Internet Access dedicated services for \$3000 one time cost, what is this composed of? can you have them provide a vendor quote or itemized breakdown for this?

the other major issue is the discrepancy between discount rates in our database and what certain applications are requesting. The following libraries request 90%, our database differs by what I have listed below:

biblioteca publica Hatillo # 329336, 89%
 biblioteca publica Ceiba # 329330, 87%
 biblioteca publica Caguas, # 329584, 89%

when presented with this situation, applicants have two options:

CEBPR

From: "Adolfo Arauz" <aarauz@sl.universalservice.org>
 To: <cebpr@cebpr.com>
 Sent: Thursday, August 29, 2002 1:40 PM
 Subject: Mr. Valentin & Ms. Simon-
 Mr. Valentin & Ms. Simon-

I wish to address to you all the outstanding issues that are holding up the following public library applications at the moment.

Biblioteca Municipal Catano #330668
 Publica Villalba #330454
 Centro Criollo de Inform. la barra #330011
 san anton#330018
 Caguas N.#330028
 la sierra #330230

I am looking over the supporting documentation that has been submitted for the majority of the libraries, specifically Annex A from HITN. Within this document I find a few requests that I need more detail, itemized listings.

- High speed enhanced wireless router system. I need to see a detailed, listing of components, in short, a vendor quote.
- Satellite Distance Learning. installation costs, what components compose that ? I'll need a vendor quote breaking down the costs.
- Wireless LAN - one time costs, what are they composed of? I will need another vendor quote with the cost breakdown.
- Installation/configuration of Internet Access dedicated services for \$3000 one time cost, what is this composed of? can you have them provide a vendor quote or itemized breakdown for this?

the other major issue is the discrepancy between discount rates in our database and what certain applications are requesting. The following libraries request 90%, our database differs by what I have listed below:

Centro Criollo de Inform. La Barra #330011, we show 89%
 san antoni.330018,we show 89%
 Caguas N. 330028,we show 89%
 La Sierra #330230,we show 89%

when presented with this situation, applicants has two options:

- either present your materials that corroborate the regional discount: that is present the matriculation and free/reduced eligibility figures and number of applications distributed and returned completed, for every school in the particular region.

9/7/02

CEBPR

From: "Adolfo Arauz" <aarauz@sl.universalservice.org>
To: <cebpr@cebpr.com>
Sent: Monday, August 26, 2002 3:00 PM
Subject: libraries

Mr. Valentin & ms. Simon-

My initial review of your constituent libraries is still ongoing and in fact has increased in scope to include the following:

biblioteca Publica anasco # 329656
 municipal de corozal # 329683
 Publica Yauco # 329778
 Municipal Las Piedra # 329870
 Publica Vieques # 329885
 publica toa baja # 329928
 publica penuelas # 329940
 municipal hormigue # 329986
 petra rivera # 329988
 municipal de bayam. # 329990
 munici. Canovanas # 330037
 Publica toa baja # 330045
 centro criollo de inform. Borinq. # 329960
 centro neuro digital # 329938

- High speed enhanced wireless router system . I need to see a detailed, listing of components, in short, a vendor quote.

- Satellite Distance Learning. installation costs, what components compose that ? I'll need a vendor quote breaking down the costs.

- Wireless LAN - one time costs, what are they composed of? I will need another vendor quote with the cost breakdown.

-Installation/configuration of Internet Access dedicated services for \$3000 one time cost, what is this composed of? can you have them provide a vendor quote or itemized breakdown for this?

Also- I list below the libraries in which our database differs from the discount rate that you are requesting. These are listed here below:

centro neuro digital criollo #329938, we show 89%
 centro criollo de inform. #329960, we show 89%
 biblio. public toa baja #330045, we show 88%
 biblio munci. Canovanas #330037, we show 88%
 biblio munci. Bayamon #329990, we show 87%

biblio publica toa baja #329928, we show 88%

when presented with this situation, an applicant has two options:

-either present your materials that corroborate the regional discount: that is, present the matriculation and free/reduced eligibility figures and number of applications distributed and returned completed, for every school in the particular region.

-chose to accept School and Libraries' calculations for the particular region which these five libraries are located.

It is important that we receive all of the information requested so PIA can complete it's review. If you are unable to provide the requested information because you school has closed or will shortly close for summer break, please let me know when you will be available to respond to these questions.

Failure to do so may result in a reduction or denial of funding.

Please note that as per program rules, all responses to information requests must be faxed into our offices within 7 calendar days. That is, on September 3rd. these applications will be processed with the supports then available.

al arauz
tele 973-428-7356
fax 973-599-6521

CEBPR

From: "CEBPR" <cebpr@cebpr.com>
 To: "Adolfo Arauz" <aarauz@sl.universalservice.org>
 Sent: Wednesday, September 04, 2002 5:28 PM
 Attach: HITN Cost Breakdown Per SLD Further Request.doc; HITN Cost Breakdown Per SLD Request.doc
 Subject: Re: Ms. Simon/Mr. Valentin:

Dear Mr Arauz

we are sending the information we previously sent regarding this request.
 This response applies to all institutions.

As to the % discount issue we have already spoken to you about this issue and you have confirmed that a final decision has not been made and until a final decision is determined you will follow up this request. You are waiting for the conversation between your director and Mr Carmona. Up to then, we have agreed, that a response to this issue has been put in a pending status until you clarify the information and you let us know.

thank you

Ana Maria S

----- Original Message -----

From: "Adolfo Arauz" <aarauz@sl.universalservice.org>
 To: <cebpr@cebpr.com>
 Sent: Thursday, August 22, 2002 3:05 PM
 Subject: Ms. Simon/Mr. Valentin:

Mr. Valentin & Ms. Simon-

I wish to address to you all the outstanding issues that are holding up the public library applications at the moment. These are the libraries that I am currently reviewing and requesting this information on:

Biblioteca municipal de Cayey	# 329609
de la ciudad rosa sanchez	# 329153
publica de hatillo	# 329336
publica de ceiba	# 329330
publica de rio grande	# 329400
publica de jayuga	# 329404
publica de sabana grande	# 329491
municipal caguas	# 329584
publica adjuntas	# 329630
publica santa isabel	# 329590
publica Coamo	# 329245

I am looking over the supporting documentation that has been submitted for

9/7/02

CEBPR

From: "Adolfo Arauz" <aarauz@sl.universalservice.org>
To: <cebpr@cebpr.com>
Sent: Wednesday, September 04, 2002 1:24 PM
Subject: Applications 329287,329300,329371

Ms. Simon or Mr. Valentin,

I have started reviewing these three applications for Funding Year 5 E Rate assistance. Based upon my initial review, I have a few questions to direct to you. The applications in question are the following:

329287-Escuela evangelica unida de Fajardo
 329300-Colegio san Antonio
 329371-colegio tomas alva edison

You have requested a 90% discount rate for these entities, which my database can't validate. How did you determine your schools' poverty rate?
 Can you provide me with the following:

a letter on your school letterhead stating the following:

- number of students enrolled
- number of students eligible for free/reduced lunch.
- number of applications for the free/reduced lunch program sent to students
- number of applications for the free/reduced lunch program returned completed.

a sample copy of one of these returned applications.

this letter must be signed by a principal or nutrition director.

I am looking over the supporting documentation that has been submitted for the majority of the libraries, specifically Annex A from HITNet. Within this document I find a few requests that I need more detailed, itemized listings.

- High speed enhanced wireless router system . I need to see a detailed, listing of components, in short, a vendor quote stating the make and model
- Satellite Distance Learning- installation costs, what components compose that ? I'll need a vendor quote breaking down the costs, make and models as well.
- Wireless LAN - one time costs, what are they composed of? I will need another vendor quote with the cost breakdown, with the make and model.
- Installation/configuration of Internet Access dedicated services for \$3000 one time cost, what is this composed of? can you have them provide a vendor quote or itemized breakdown for this?

It is important that we receive all of the information requested so PLA can complete its review. If you are unable to provide the requested information because your school has closed or will be shortly

9/27/02

CEBPR

From: "Adolfo Arauz" <aarauz@sl.universalservice.org>
 To: <cebpr@cebpr.com>
 Sent: Thursday, September 05, 2002 9:02 AM
 Subject: Re: Fw: Applications 329287,329300,329371
 if you note:

I have asked that you please provide some documentation to corroborate the discount percentages you have claimed. To do this, I will need to know how the schools determine their 90% discount rate, hence the materials I have asked about.

To corroborate your request, I will need the following:

a letter on the school letterhead stating the following:

- number of students enrolled
- number of students eligible for free/reduced lunch program
- number of applications regarding the lunch program distributed to students
- number of applications regarding the lunch program returned completed.

a sample copy of a returned application.

this letter must be signed by a third party, either the principal or the nutrition director.

It is important that we receive all of the information requested so PIA can complete its review. If you are unable to provide the requested information because your school has closed or will be shortly closing for summer break, please let me know when you will be available to respond to these questions.

Failure to do so may result in a reduction or denial of funding.

Please note that as per program rules, all responses to information requests must be faxed into our offices within 7 calendar days. That is, on September 12th, this application will be processed with the supports then available.

al arauz
 tele 973-428-7356
 fax 973-599-6521

>>> "CEBPR" <cebpr@cebpr.com> 09/04/02 05:58PM >>>
 Dear Mr Arauz

Please find enclosed the information you have requested, which we have previously sent you, which applies to all institutions.

Thank you

Ana Maria S

9/27/02

CEBPR

From: "CEBPR" <cebpr@cebpr.com>
To: "Adolfo Arauz" <aarauz@sl.universalservice.org>
Sent: Thursday, September 19, 2002 3:34 PM
Subject: % discount pending issue
Dear Mr Arauz

The last time we spoke regarding the percentage discount issue you told us that your boss was going to deal this issue with Mr Carmona directly and that you would let us know. Can you please inform us if you have internally decided how you are going to handle the problems with the Department of Education Data Base. Please let us know

thank you

Ana Maria S

9/27/02

CEBPR

From: "CEBPR" <cebpr@cebpr.com>
To: "Adolfo Arauz" <aarauz@sl.universalservice.org>
Sent: Monday, September 23, 2002 2:41 PM
Subject: Fw: % discount pending issue
Mr Arauz

this issue has not been confirmed to us yet. We sent you this email on september 19, 2002, can you please confirm the status of this issue, as it is really important for us to know what has happened

thank you

Ana Maria S

----- Original Message -----

From: CEBPR
To: Adolfo Arauz
Sent: Thursday, September 19, 2002 3:34 PM
Subject: % discount pending issue

Dear Mr Arauz

The last time we spoke regarding the percentage discount issue you told us that your boss was going to deal this issue with Mr Carmona directly and that you would let us know. Can you please inform us if you have internally decided how you are going to handle the problems with the Department of Education Data Base. Please let us know

thank you

Ana Maria S

9/27/02

CEBPR

From: "CEBPR" <cebpr@cebpr.com>
To: "Adolfo Arauz" <aarauz@sl.universalservice.org>
Sent: Tuesday, September 24, 2002 2:49 PM
Subject: Re: libraries
Mr. Arauz

I am sending a copy of the email that the Consortium has sent before to you on September 19 and on September 23 again, and up to now we have not received a response from you. Please respond to us on respect of the conversation that your boss and Mr. Carmona had in order to know how you are going to handle the data base of the department of education which is not accurate according to what Mr. Carmona explained to you and to the Consortium.

Send us as soon as possible this explanation in order to be able to respond to this email you have sent us today, September 24, 2002 and the previous ones you have sent regarding % discount issues.

Please note that we need you to respond to our enquiry in order to give an accurate answer on this respect. I am aware of the deadline you have mentioned but I am aware that you also mentioned that until this issue with the data base had been clarified you were not going to send any further information. However, as you are sending information regarding this issue again, we need to know if this has been clarified as you have not mentioned it up to now to the Consortium.

I appreciate your cooperation on this respect

Antonio López

----- Original Message -----

From: CEBPR
To: Adolfo Arauz
Sent: Monday, September 23, 2002 2:41 PM
Subject: Fw: % discount pending issue

Mr Arauz

this issue has not been confirmed to us yet. We sent you this email on september 19, 2002, can you please confirm the status of this issue, as it is really important for us to know what has happened

thank you

Ana Maria S

----- Original Message -----

From: CEBPR
To: Adolfo Arauz

9/27/02

CEBPR

From: "Adolfo Arauz" <aarauz@sl.universalservice.org>
To: <cebpr@cebpr.com>
Sent: Tuesday, September 24, 2002 2:02 PM
Subject: libraries

Mr. Valentin & ms. Simon-

My initial review of your constituent libraries is still ongoing and in fact has increased in scope to include the following:

centro criollo de inform. Borinq. # 329960
centro neuro digital # 329938

Our database shows that the region of Caguas is due a discount of 89% , while this represents a small difference from what your applications are requesting, when presented with this situation, an applicant has two options:

-either present your materials that corroborate the regional discount: that is, present the matriculation and free/reduced eligibility figures and number of applications distributed and returned completed, for every school in the particular region.

-chose to accept School and Libraries' calculations for the particular region which these five libraries are located.

Please note that as per program rules, all responses to information requests must be faxed into our offices within 7 calendar days. That is, on October 1st. these applications will be processed with the supports then available.

al arauz
tele 973-428-7356
fax 973-599-6521

9/27/02

CEBPR

From: "Adolfo Arauz" <aarauz@sl.universalservice.org>
To: <cebpr@cebpr.com>
Sent: Wednesday, September 25, 2002 6:46 PM
Attach: Remote Access Router.tif
Subject: Re: re private schools, via fax sept. 13, 2002
 Antonio-

As far I know, I am supposed to continue on my audits until I hear from my bosses on this matter, I suppose that USAC will continue to use the Valid Database for Puerto Rico until another one is provided.

I am sending you a quick list of items that are still pending and the applications that are effected by my information requests. Also, I send you an attachment for the remote router that needs to be signed by everyone of the applications listed below and sent back to me as soon as possible.

You'll also notice a percentage at the end of each entity, that is the discount percentage that our database has computed for these entities. If no percentage appears at the end, then there is no discrepancy between the requested discount rate and our Puerto Rico database.

bib Publica toa baja # 330045 88%
 bib munci. canovanas #330037 88%
 bib. muni de Bayamon #329990 87%
 bib. petra rivera # 329988
 bib. muni. de Hormigueros # 329986
 bib. publica naranjito #329675, 88%
 bib. muni las piedras, #29870
 bib publica toa baja #329928, 88%
 bib. pub. Vieques, #329885
 bib. publica Yauco, # 329778

when an applicant is faced with a discount discrepancy in a region they have 2 options:

1. either provide us with the total matriculation and total number of students eligible for free/reduced lunch program for every school in the entire region, so that we may update our database, or:
2. accept SLD' s calculations for that particular school region.

Also, Antonio, please keep in mind that I still need a HITNet quote or breakdown for the following: HITNert communication server upgrade \$1800, enhanced router upgrade SATurbo \$1350, UPS upgrade battery replacement accessories \$1500. Without this information I cannot approve about a dozen applications that request upgrades to existing services.

Please note that as per program rules, all responses to information requests must be responded to within 7 calendar days, that is on October 2nd, these above mentioned applications will be processed with the supports then available.

Al Arauz
 tele 973-428-7356

9/27/02

CEBPR

From: "Adolfo Arauz" <aarauz@sl universalservice.org>
To: <cebpr@cebpr.com>
Sent: Thursday, September 26, 2002 8:58 AM
Subject: Re: re private schools, via fax sept 13, 2002
 Antonio

regarding the discount issue-

As per my email & fax yesterday, you guys have until 10-2 to decide whether to accept the discount for the applications or to provide matriculations and free/eligible numbers, applications issued and returned & sample applications for each school in the region, as per SLD policy.

the other discounts in question had a deadline of 9-23, I believe. Which I have not had a response from your office.

al

>>> "cebpr" <cebpr@cebpr.com> 09/26/02 10:09PM >>>
 Mr Arauz

1. I have taken note of this new deadline you have stated.
2. I am sure that we have already sent you the LAN certifications you have attached in your email, via FedEx for

Bib Publica Toa Baja Jaime Fonalledas Garriaga # 330045 88%
 Bib. Muni de Bayamon, Pilar Barboza #329990 87%
 Bib. Muni. de Hormigueros # 329986
 Bib. Publica Municipal Computarizada de Naranjito #329675, 88%
 Bib. Muni Las Piedras, #29870
 Bib Publica Toa Baja, Levittown #329928, 88%
 Bib. Publica Yauco, # 329778

Please confirm if you really need them again as they were sent to you in a general package with several of the other LAN Certifications for the other institutions via FedEx last week, as we confirmed last week by email. If you need them again, please confirm and we will send them to you again, now by FAX.

For the following institutions that you mention, the Consortium of Schools and Libraries will not continue representing them for this year 2002-2003:
 Bib Munci. Canovanas #330037 88%
 Bib. Petra Rivera # 329988
 Bib. Pub. Vieques, #329885

3. Regarding the % discount issue, please confirm that this are the only

9/27/02

CEBPR

From: "CEBPR" <cebpr@cebpr.com>
To: "Adolfo Arauz" <aarauz@sl.universalservice.org>
Sent: Friday, September 27, 2002 3:11 PM
Subject: request for time re discount level issue
Dear Mr. Arauz:

We are in receipt of your various e-mail and fax messages requesting specific discount level information for various CEBPR member private school and library institutions under your review. As we have previously informed you, these institutions all certified they are entitled to a 90% discount level on their Form 471 submissions based on the fact that all (100%) of the students enrolled in their respective private schools and (the public school districts where the libraries are located) are eligible for the free/reduced student lunch program by regulation of the U.S. Department of Agriculture. This is what these institutions have reported in previous years and they have been funded based on this information.

You are now asking that these institutions provide specific information regarding the number of students actually participating in the student lunch program at these institutions and supporting surveys and application information regarding how the institutions' determined their eligibility. However, most of these institutions do not take such surveys or require such application processes considering all their students are eligible for the student lunch program based on USDA regulation. Therefore, they all do not have this information immediately available.

Further, you have already acknowledged that the SLD has been in contact with the P.R. Department of Education and Mr. Carmona, who has told you the database you are relying on to determine the discount percentages is flawed in several respects. You have reported to CEBPR that you would provide us information as to the status of your deliberations on this matter with the Department of Education regarding the database, but we have not yet heard from you in this respect.

If for no other reason than the various deadlines you have imposed (some of which seemingly may have passed), the lack of response on this issue we have gotten from the SLD, the flawed database you are using, the fact that all students in Puerto Rico are eligible for the free student lunch program by USDA regulation, that the SLD has accepted the 90% discount level of these institutions in the past and funded, and the fact the SLD Form 471 instructions did not require any special procedure for Puerto Rico as you are now requiring, necessitates that we be provided further time to address this request and get to the bottom of the issue with you and the SLD.

In this respect, CEBPR, by counsel, will be forwarding a formal request to you and the USAC General Counsel's office next Monday or Tuesday requesting special review of this issue with respect to the applications for which you have raised this issue. We therefore respectfully request you hold in abeyance any formal action on any of the CEBPR applications to which this issue applies until we can provide you with our formal request early next week.

Respectfully yours,

9/27/02

7.

LAW OFFICES

SHOOK, HARDY & BACON LLP

GENEVA
HOUSTON
KANSAS CITY
LONDON
MIAMI

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TELEPHONE (202) 783-8400 • FACSIMILE (202) 783-4211

NEW ORLEANS
OVERLAND PARK
SAN FRANCISCO
TAMPA
WASHINGTON D.C.

October 2, 2002

VIA TELECOPY: 202-776-0800

D. Scott Barash, Esquire
Vice President and General Counsel
Universal Service Administrative Company
2120 L Street, N.W. Suite 600
Washington D.C. 20037

Re: The Consorcio de Escuelas y Bibliotecas de Puerto Rico ("CEBPR");
Request for Clarification of Discount Rate Calculation Requirements Applicable
to Puerto Rico, 2002-2003 E-Rate Funding Year

Dear Mr. Barash:

I am writing on behalf of the Consorcio de Escuelas y Bibliotecas de Puerto Rico, a consortium of some of the poorest private schools and public and private libraries in the United States, to request clarification of the discount rate calculation requirements applicable to schools and libraries located in Puerto Rico. CEBPR has participated in the E-Rate subsidy program on behalf of its member institutions since the inception of the program.

As part of the review process by SLD, many CEBPR institutions have been notified by SLD staff that the discount percentage entitlement certified on their Form 471 applications (90%) is not consistent with the discount percentage data in the SLD database for Puerto Rico, which we understand indicates these entities are entitled to discount percentages around 87%-89%. We further understand this database information was furnished to SLD by the Puerto Rico Department of Education some time ago. Various institutions have received confusing and, to a degree, conflicting instructions as to what information should be provided to determine the correct discount level percentage. For example, the following requests have been received:

--you guys have until 10-2 to decide whether to accept the discount for the applications or to provide matriculations and free/eligible numbers, applications issued and returned & sample applications for each school in the region, as per SLD policy.

--either provide us with the total matriculation and total number of students eligible for free/reduced lunch program for every school in the entire region, so that we may update our database, or 2. accept SLD's calculations for that particular school region.

--How did you determine your schools' poverty rate? Can you provide me with the following:

a letter on your school letterhead stating the following:

D. Scott Barash, Esquire

October 2, 2002

Page 2

- number of students enrolled
- number of students eligible for free/reduced lunch.
- number of applications for the free/reduced lunch program sent to students
- number of applications for the free/reduced lunch program returned completed.
- a sample copy of one of these returned applications.
- this letter must be signed by a principal or nutrition director.

All CEBPR member institutions (schools and libraries) have certified they are entitled to a 90% discount level on their Form 471 Year 5 funding requests because all of the students in the applicant private schools, and in the public schools in the districts where each of the applicant libraries are located, pursuant to USDA regulations, are eligible for the free/reduced student lunch program in Puerto Rico. As Puerto Rico has determined as a matter of Commonwealth public policy that all students in Puerto Rico are entitled to participate in the school lunch program, individual institutions do not have to conduct surveys of the socioeconomic status of the families of their students in order to participate in the school lunch program. Nor do they require an application process for students wishing to participate in the free lunch program at the particular institution.

Accordingly, the socioeconomic survey information and/or detailed supporting information regarding the application processes employed by the institutions to determine the number of students eligible for the free student lunch program is simply not available to these institutions to provide a basis to respond to these information requests. Nor is it within the resources of CEBPR member institutions to conduct the special regional wide socioeconomic surveys suggested in some of the SLD requests.

Moreover, as to the other alternative of relying upon the SLD's existing database, it is CEBPR's understanding that the database information is flawed and the region wide discount percentages contained therein on which SLD is relying as applicable to the CEBPR institutions are invalid. It is CEBPR's understanding that Mr. Daniel Carmona of the Puerto Rico Department of Education has made SLD staff fully aware that the database they provided to SLD is flawed for several reasons. First, the database reflects the percentage of students in each public school in Puerto Rico which are actually taking free lunches at their respective schools, versus how many are eligible for free lunches. Further, the number of students actually taking the free lunch tends to be low at many schools because of problems with the menu at these institutions causing many children who are eligible for the free lunch program to forego the free meals. As you know, SLD is required to evaluate the number of students actually *eligible* for the free lunch program in determining discount percentages rather than the number of students participating/taking free lunches. The information on which the SLD is relying in reaching the conclusion that the CEBPR member institutions are entitled to less than a 90% discount level should therefore, not be used.

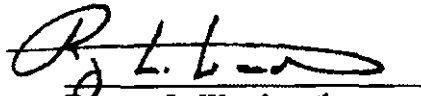
D. Scott Barash, Esquire
October 2, 2002
Page 3

I recognize that the situation in Puerto Rico may present some unique issues because of the different way in which the Commonwealth determines eligibility for purposes of its school lunch program. However, the plain fact of the matter is that FCC rules (Section 54.505(b)) require that the discount level be calculated on the basis on the number of students in the particular school (or school area served by the library) eligible to participate in the program and, in Puerto Rico, that number is 100%. Accordingly, any attempt to rely upon regional wide data *that attempts to measure factors other than eligible students* (such as students actually taking lunch) may not be used as a substitute for the required factors.

For these reasons, your immediate clarification is requested as to the correct procedures and factors to be used in determining the number of students at a particular school in Puerto Rico eligible to participate in the school lunch program as administered by the Commonwealth of Puerto Rico.

Please address questions or response to the undersigned counsel at (202) 662-4851.

Very truly yours,


Ramsey L. Woodworth

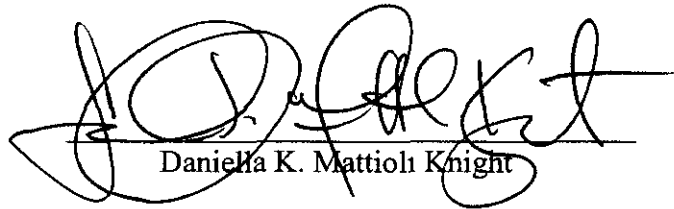
cc: Mr. Antonio Lopez (via e-mail)
Mr. Adolfo Arauz (via e-mail)
Mr. Daniel Carmona (via e-mail)

CERTIFICATE OF SERVICE

I, Daniella K. Mattioli Knight, hereby certify that on this 23rd day of January, 2004, copies of the foregoing "Request for Review" have been served by hand delivery or first class mail, postage prepaid, upon the following:

Universal Service Administrative Company
Schools and Libraries Division
Box 125 – Correspondence Unit
80 South Jefferson Road
Whippany, NJ 07981

Telecommunications Policy Division
Wireline Competition
Federal Communications Commission
445 12th Street, S.W., Room 5-C867
Washington, DC 20554



Daniella K. Mattioli Knight